



October 10, 2013

Keith Wallace, Project Manager
California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
PO Box 942836
Sacramento, CA 94236

VIA EMAIL: keith.wallace@water.ca.gov

**Subject: Draft Funding Recommendations for the Proposition 84 Round 2
Implementation Grant Program**

Dear Mr. Wallace,

WaterReuse is the local project sponsor of the Failsafe Potable Reuse at the Advanced Water Purification Demonstration Facility (DPR Demonstration Project) submitted by the San Diego Integrated Regional Water Management (IRWM) Program to the California Department of Water Resources (DWR) for Proposition 84-Round 2 implementation grants. DWR has recommended funding of only 50 percent of the \$10,511,225 grant requested to advance critical water management projects in the San Diego region. The San Diego Regional Water Management Group (RWMG), which prepared and submitted the San Diego IRWM proposal, will address our concerns with the substance of DWR's analysis of the San Diego IRWM proposal and our DPR Demonstration Project in particular. The purpose of this letter is to urge your review of DWR's recommendation in light of the San Diego RWMG response and in light of the importance of our DPR Demonstration Project to the State's water supply future, as described below.

As described in our proposal, the DPR Demonstration Project is the keystone project in a series of projects we are otherwise funding to study and demonstrate the feasibility of direct potable reuse (DPR) consistent with SB 918 (enacted in 2010) and SB 322 (which was signed into law on October 8, 2013). SB 322 and SB 918 require the Department of Health Services (DPH) to evaluate and report to the Legislature on the feasibility of DPR by December 2016. WaterReuse is undertaking the DPR research program because it is expected to be the primary basis of DPH's required evaluation of DPR and because DPR is necessary to meet the State's goal of increasing water recycling from 0.7 million acre-feet (MAF) in 2009 to 2.5 MAF by 2030. The Governor's October 8, 2013 letter explaining his signing of SB 322 (attached) recognizes the importance of water recycling and DPR in particular, and states that study of DPR is "past due." Through the competitive process in the San Diego Funding Area, our Project's grant funding request

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has already been reduced to the minimum needed for it to be viable. The DPR Demonstration Project could not be conducted if grant funding is reduced further. A 50 percent reduction of grant funding, as recommended by DWR, would make it essentially impossible to proceed with the Project. DWR's recommendation thus jeopardizes the Project and DPR, and is thus inconsistent with the Administration's position supporting the urgent need for study of DPR.

For these reasons and the reasons articulated in the San Diego RWMG's letter of October 10, 2013, we urge that you restore funding to the Project.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Smith". The signature is fluid and cursive, with the first name "David" being the most prominent.

David W. Smith, PhD
Managing Director



OFFICE OF THE GOVERNOR

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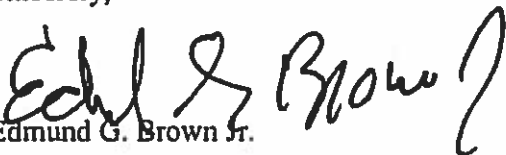
To the Members of the California State Senate:

I am signing SB 322 which requires the Department of Public Health in consultation with the State Water Resources Control Board, to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse by September 2016.

This information is past due. In an effort to enhance the use of recycled water, I have proposed the consolidation of the management of the drinking water program and all other water quality programs, including recycled water, under the State Water Board.

I am directing the Water Board to ensure that this work is completed expeditiously. The 3-year time frame mandated in this bill is too slow. California needs more high quality water and recycling is key to getting there.

Sincerely,


Edmund G. Brown Jr.